

Message Text

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AMCONSUL KARACHI

AMCONSUL LAHORE

UNCLAS ISLAMABAD 4782

E.O. 11652: N/A

TAGS: BEXP, PK

SUBJ: MAJOR PROJECTS: LOWARI TUNNEL

REF: ISLAMABAD 4606

SUMMARY . BRIG S.G. BUTT, PROJECT DIRECTOR OF THE LOWARI TUNNEL ORGANIZATION(LTO), CALLED MAY 27 ON ECON/COMM COUNSELOR AND COMMOFF INDICATING POSSIBLE CANCELLATION OF TRIP TO U.S. AND EXPRESSING DISAPPOINTMENT AT POOR RESPONSE FROM U.S. FIRMS, PARTICULARLY INGERSOLL-RAND. END SUMMARY.

1. BRIG. BUTT SAID THAT MAIN REASON FOR ORGINALLY PLANNED TRIP TO U.S. AND EUROPE WAS TO OBSERVE MACHINERY, DISCUSS TERMS, AND SIGN CONTRACTS ON THE SPOT FOR UP TO DOLS 8 MILLION IN ORDER TO OBLIGATE AVAILABLE FUNDS PRIOR TO END OF FISCAL YEAR ON JUNE 30,1975. BUT DILATORY RESPONSES FROM U.S. FIRMS LED TO POSTPONEMENT OF TRIP, AND THIS LAST WEEKEND THE GOP NATIONAL ECONOMIC COUNCIL UNEXPECTEDLY CANCELLED THE DOLS 8 MILLION ALLOCATED TO LTO FOR THIS FISCAL YEAR. THIS SUM WILL BE BUDGETED FOR NEXT FISCAL YEAR. THIS SETS BACK PROJECT TIMETABLE FOR ONE YEAR, BECAUSE LTO HAD HOPED TO GET LARGER SUM ALLOCATED NEXT YEAR IN ADDITION TO DOLS 8 MILLION SPENT THIS YEAR.

2. BRIG. BUTT EXPRESSED SEVERE DISAPPOINTMENT IN RESPONSES OF AMERICAN FIRMS TO HIS INQUIRIES RE SUPPLY OF MACHINERY. SEVERAL ATTEMPTS AT ESTABLISHING CONTACT WITH ONE UNNAMED FIRM WENT UNCLASSIFIED

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UNANSWERED UNTIL LTO USED STIMULUS OF REQUESTING A PAKISTANI FIRM

TO ATTEMPT TO SECURE AGENCY RIGHTS. CORRESPONDENCE NOW OPEN
VIA THE NEW PAKISTANI AGENT.

3. IT WAS WITH INGERSOLL-RAND, HOWEVER, THAT BRIG. BUTT WAS PARTICULARLY DISAPPOINTED. LTO HAD DECIDED TO PROCURE TUNNEL DRILLS AND COMPRESSION EQUIPMENT FROM INGERSOLL-RAND WORTH DOLS 2 MILLION WITHOUT COMPETITIVE BIDS ON STRENGTH OF THIS FIRM S WORLDWIDE REPUTATION. A TEAM FROM INGERSOLL-RAND VISITED PAKISTAN TEN WEEKS AGO AND PROMISED TO SUBMIT AN OFFER IN TWO WEEKS TIME. OFFER HAS STILL NOT BEEN RECEIVED BY LTO.
PROCUREMENT OF MOST OF THE OTHER MACHINERY FROM OTHER FIRMS WAS DEPENDENT UPON INGERSOLL-RAND ORDER. BUTT, THEREFORE, LARGELY BLAMES INGERSOLL-RAND ALLEGED DILATORY RESPONSE FOR FACT THAT LTO WAS UNABLE TO OBLIGATE FUNDS BEFORE THEY WERE WITHDRAWN BY GOP LAST WEEK. ALTHOUGH BRIG. BUTT DIDNOT STATE THAT INGERSOLL-RAND HAD NO CHANCE OF EVENTUALLY SECURING THIS ORDER, HE INDICATED THAT SOME OF THE GOOD WILL HE HAD FOR INGERSOLL-RAND HAS BEEN LOST. (HE DID SAY THAT INGERSOLL-RAND RECENTLY INVITED HIM TO SEE THEM IN NEWYORK CITY ON HIS TRIP AND HE APPRECIATED THIS.)

4. THERE MAY BE OTHER ASPECTS TO THESE NEGOTIATIONS WE ARE UNAWARE OF. MEANWHILE , EMB HAS OFFERED LTO ITS COMMERCIAL FACILITIES IN NOTIFYING U.S. MANUFACTURERS OF ITEMS REQUIRED BY THE ORGANIZATION AND OUR COMMUNICATIONS CHANNELS WHEN OTHER MEANS OF COMMUNICATION ARE INSUFFICIENT. SUGGEST YOU INFORM GRANT RISCH, VICE PRESIDENT, INGERSOLL-RAND INTERNATIONAL, WOODCLIFF LAKE, NEW JERSEY.
BYROADE

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